

House Bill 1153

By: Representatives Knight of the 126th, Tumlin of the 38th, and Mosby of the 90th

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to
2 computation of taxable net income, so as to change certain requirements regarding consent
3 agreements; to repeal conflicting laws; and for other purposes.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

5 **SECTION 1.**

6 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of
7 taxable net income, is amended by revising paragraph (2) of subsection (d) as follows:

8 "(2) Nonresident shareholders of a Georgia Subchapter 'S' corporation ~~must~~ shall execute
9 a consent agreement to pay Georgia income tax on their portion of the corporate income
10 in order for ~~the~~ such Subchapter 'S' corporation to be recognized for Georgia purposes.
11 ~~This~~ A consent agreement ~~must~~ for each shareholder shall be filed by the corporation
12 with its corporate tax return in the year in which the Subchapter 'S' corporation is first
13 required to file a Georgia income tax return. For a Subchapter 'S' corporation in existence
14 prior to January 1, 2008, the consent agreement shall be filed for each shareholder in the
15 first Georgia tax return filed for a year beginning on or after January 1, 2008. A consent
16 agreement shall also be filed in any subsequent year for any additional nonresident who
17 first becomes a shareholder of the Subchapter 'S' corporation in that year. Shareholders
18 of a federal Subchapter 'S' corporation which is not recognized for Georgia purposes may
19 make an adjustment to federal adjusted gross income in order to avoid double taxation
20 on this type of income. Adjustments ~~will~~ shall not be allowed unless tax was actually
21 paid by ~~the~~ such corporation."

22 **SECTION 2.**

23 All laws and parts of laws in conflict with this Act are repealed.